

Summary

To: Mayor Katica, Commissioners, Micah Maxwell
From: JP Murphy
Subject: Resolution 2014-09 Golf Fund Balance Policy
Date:02/11/2014

Summary: The fund balance policy in the golf fund will need to be amended to reflect the change in operations.

Previous Commission Action: The commission previously approved the existing fund balance policy.

Background/Problem Discussion: Now that the golf course will be under Green Golf Partners' management through leasehold with the town, staff is recommending revision of the fund balance policy for the Golf Fund. Specifically, staff recommends retaining a minimum undesignated fund balance of 10% of one year's operating expenditures (excluding capital and transfers) for purposes of reserve. At the current expenditure levels this amount is approximately \$200,000 dollars. The current fund balance of the fund includes \$500,000 transferred in from the General Fund, and would be returned upon passage of the new fund balance policy.

In addition, Staff is recommending an annual \$50,000 dollars be set aside and assigned for future capital expense. Industry best practice calls for 2% to 4% of annual revenues to be reinvested into the capital improvement of courses and facilities. At the current revenue levels, this would translate to an approximate \$40,000 to \$80,000 dollars annually.

Alternatives/Options: Open for discussion.

Financial Implications: Retaining an approximate \$200,000 dollar undesignated fund balance and an annual \$50,000 assignment for capital expense.

Recommendation: Staff recommends approval of the Golf Fund Balance Policy as provided.

Proposed Motion: I move approval of Resolution 2014-09, Amending the Golf Fund Balance Policy.